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REPORT ON COCOM STATISTICAL REPORTING

I. Problem

The statistical reports submitted to COCOM constitute the only official source of information concerning the flow of the specific strategic commodities which appear on the International Lists established by COCOM.

The data on exports and/or licenses provided by the COCOM members and forwarded by the US Delegation to Washington is collated by the Department of Commerce (OIT) on a cumulative quarterly and annual basis for each of the three International Lists in the following type tables:

Summaries

- (1) summaries of Lists I, II and III, respectively, showing value by country of origin and country of destination
- (2) summaries by individual list items showing total value by country of destination

Individual Member Country Series

- (3) by country of origin, showing value, by individual list items and country of destination
- (4) by country of origin, showing quantity, by individual list items and country of destination

Individual Item Series

- (5) by individual list items, showing value by country of origin and country of destination

The processors of these data have found it increasingly difficult to develop meaningful statistical reports because of the inadequacies and inconsistencies in the information submitted by COCOM members. These deficiencies preclude the maintenance of adequate statistical reports.

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This subgroup on COCOM statistical reporting has therefore attempted to assess the COCOM statistical reporting and to formulate suggestions for its improvement.

The COCOM reports and their compilations are required to meet the needs of the various agencies in the economic defense field for statistics concerning the source, destination, nature, and magnitude of strategic exports to the Soviet Bloc countries. These data are needed in order to determine the flow of these goods and to evaluate the over-all effectiveness of present international export control programs. More specifically, these data are required in implementation of the Mutual Defense Assistance Control Act (Battle Act), US Security Export Licensing Program, and the policy formulation in the field of export controls.

II. The Subgroup's Report

A. Summary of Present Reporting Agreements

The present COCOM statistical arrangements, established in May 1960 and reaffirmed in February 1961, call for the submission of the following information concerning either licenses issued for, or actual exports of, commodities covered in the three International Lists: (1) the International List reference number of the commodity in question; (2) the country of destination; (3) the number of units where possible; (4) weight in metric tons, or, in special cases, the unit generally accepted by the trade; (5) the value in dollars; (6) any additional information (e.g. on licenses refused).

This information is to be furnished within 45 days after the close of each month and is to cover shipments to the Soviet Bloc, Austria, and Finland. A standard form for the reports covering the required information was furnished to the members by the Secretariat.

B. Compliance with Present Agreements

A review of the monthly statistical reports submitted by COCOM members during 1962 indicates that the agreements were not fully complied with by all members. The major areas of deficiency are as follows:

1. Members are frequently late in submitting their reports. For example, reports for December 1962 were due in COCOM by 15 February 1963; [REDACTED]

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shipments to Austria and Finland [REDACTED] were generally submitted considerably later than their reports on IL-I and IL-II items. (See Appendix I).

2. A number of the members frequently failed to report the volume (actual quantity) of strategic items involved. [REDACTED] reported no volume figures in 1952 except for the month of March. [REDACTED] generally omitted the volume figures. While the reports of other members were more complete in this respect, only [REDACTED] submitted a volume figure for every item reported. (See Appendix I). During the period January-June 1952, for only about one-half of the reported exports or licenses issued, excluding vessels, were the details of the volume involved complete.

3. Members did not always submit reports covering all three International Lists. For example, [REDACTED] statistics on IL-III have been late and incomplete.

In the case of [REDACTED] no IL III statistics for 1952 were submitted until May 1953 and then only for the period from January to June. This was due primarily to the lack of [REDACTED] export licensing controls over many items in this category.

4. Other deficiencies were noted as follows: (a) omission of the unit of measure for the volume figure reported; (b) inconsistencies in reporting the volume of a given item (e.g. reporting the weight in one month and the number of units in another); (c) the listing of items under the wrong International List number; and (d) the listing of a license as cancelled when it had not previously been reported as issued. (See Appendix II).

C. Suggested Improvements in Reporting

The following suggestions are offered with a view to the improvement in the statistical compilation and analysis of movements of strategic goods. The Subgroup forwards them to the IWG with the suggestion that the report may usefully be passed to appropriate action agencies.

1. Compliance with Existing COCOM Reporting Agreements

The first requirement for improving statistical reporting is compliance with existing agreements with regard to: (a) submission of complete data as specified on all strategic shipments. This includes detail with regard to actual volume (quantity); (b) prompt submission of reports on all lists; (c) breakdown of data according to the appropriate sections of IL definitions.

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2. Clarification of Existing Reporting Instructions

a. Transaction Value

At present, it is not possible to determine whether individual countries are reporting on an f.o.b. or c.i.f. basis. The basis of reported values should be clarified and so far as possible made uniform to assure comparability. In this connection it may be noted that the UN technicians on external statistics agreed that for purposes of UN reporting, exports would be reported on the basis of transaction value or the value free-on-board at the frontier of the country of export.

b. Relation of Prior Commitments to Quotas

The interpretation of statistics on IL-II items placed under quota is complicated by the lack of agreement on treatment of prior commitments for these items. For example, the 1952 global quota for mechanical and hydraulic presses (#2072) was \$1 million, [REDACTED] 25X1C8a

[REDACTED] reported licenses issued for this item during 1952 in the amount of \$1.28 million. Since the [REDACTED] 25X1C8a

[REDACTED] but the entire global quota for the year, it is obvious that some clarification is required for the formulation of a clear statistical picture of IL-II trade in this item in 1952. The relation of "prior commitments" for IL-II items under quota to the quota established for these items needs to be clarified.

3. Additional Suggestions

a. Consistency in Reporting of Licenses and/or Exports

One of the major statistical difficulties arises from the lack of consistency in reporting either exports or licenses issued. In some cases it is even impossible to determine the total exports or licenses of a single country for a single month. In the absence of agreement on the subject, members have been free to shift from reporting exports to showing licenses issued, or to report a combination of exports and licenses. [REDACTED] 25X1C8a reported actual exports until July 1951, when it began reporting licenses issued, but still occasionally shows an actual export figure. Similarly, [REDACTED] 25X1C8a shifted the basis of its reporting as of January 1952, and reports a combination of licenses and exports. Thus the reports of these countries generally contain a mixture of: (1) actual exports during the month; (2) licenses for items which may be delivered during the calendar year; and (3) licenses for deliveries which may not

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take place for another year or more. [REDACTED] was presumed to be reporting actual exports until May 1952, when it was stated that [REDACTED] figures represented licenses issued. In October 1952, [REDACTED] reports dating back to January 1952 were cited as showing actual exports. The confusion concerning the meaning of [REDACTED] statistics has never been clarified.

b. Reporting of Both Licenses and Exports

Fully adequate analysis of the flow of strategic goods would be possible only with reporting of exports in addition to licenses granted. However, the Subgroup understands that extensive changes in national reporting mechanisms be required in some cases to provide statistics on both exports and licenses granted.

c. System for Checking

25X1C8a In order to facilitate the processing of these data in Washington, it would be extremely useful if there could be instituted [REDACTED] procedures for: (1) checking the incoming reports as to timeliness and advising the delinquent members when their reports are overdue; (2) checking the incoming reports as to completeness of submission and requesting any omitted data from the members.

d. Correlation of Shipments of IL-II Items under Quota with Established Quotas

There appears to be no regular correlation of licenses and/or exports against quotas allocated for items on IL-II. COCOM does prepare a monthly report on the unallocated reserves set up for items on IL-II, showing the amounts used and the amounts still available in the reserves. However, these reports are apparently based solely on: (1) notifications by members that they had used up to 25% of the reserve for a given item; and (2) requests for permission to use more than 25% of a given reserve. No attempt is made to correlate the use of reserves with the licenses and/or exports for the items involved. A preliminary check reveals that, in several cases, members: (1) exceeded not only their 1952 quotas but the allotments received from the unallocated reserve; or (2) failed to report use of an unallocated reserve to COCOM. (See Appendix III).

It is therefore suggested that adequate appraisal of data would require the development of a system of monthly correlations of shipments of, or licenses granted for, IL items under quota with the quotas established for these items. Measurement against actual exports would be the most meaningful.

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e. Volume in Terms of Unit and Weight

In certain instances, it is desirable to have volume expressed both in terms of unit and of weight for analytical purposes, particularly for items such as generators. This also is useful for commodities where definitions involve weight limitations as it would provide some indication of the average weight involved.

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APPENDIX 1

SUMMARY OF STATISTICAL REPORTING TO COCOM IN 1952
WITH REGARD TO:

<u>Reporting Country</u>	<u>Reporting of Volume Involved</u>	<u>IL-I and IL-II Items</u>	<u>IL-III Items</u>	<u>Peripheral Countries</u>
	Generally reported, but sometimes omitted.	Irregular.	Jan-June only; Received May 1953.	Generally later than reports on Soviet Bloc.
	Omitted except for March.	Irregular.	Later than IL-I & IL-II reports; Mar., April, missing.	Generally later than reports on Soviet Bloc.
	Generally omitted. None for Soviet bloc for Mar., Dec.	Reported monthly.	Reported with IL-I & IL-II.	Included with report on the Soviet Bloc.
	Generally reported, but sometimes omitted.	Reported monthly, but often late.	Reported with IL-I & IL-II.	Included with report on the Soviet Bloc.
	Generally reported, but sometimes omitted.	Reported monthly.	Reported with IL-I & IL-II.	Included with report on the Soviet Bloc.
	Reported.	Reported monthly.	Reported with IL-I & IL-II.	Included with report on the Soviet Bloc.

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APPENDIX II

Examples of the Type of Errors in the "S" Documents - Unit of Quantity Missing; Wrong International List Number; Cancellations of Amounts for which no Entries Were Reported, etc.....

	<u>Reporting Country</u>	<u>Item Number</u>	<u>Weight</u>
25X1C8a	[REDACTED]	2251	50) Unit not reported
		2270	500)

25X1C8a Reporting Country [REDACTED] exports to Finland

List I Article 1304 - tubes en acier droit sans soudure (quantity not reported) Value \$10,903 dollars

Note: There is no such IL number in the schedule. The description applies to IL II, item number 2610 - Metal pipe and tubing, seamless.

25X1C8 Reporting Country [REDACTED]

In Feb. 1952 reported IL 2251 licensed to:

<u>Czechoslovakia</u>	<u>Rumania</u>
1,310 kgs \$18,779	658 pcs \$7,234

In Sept. 1952 cancelled the license to:

<u>Czechoslovakia</u>	<u>Rumania</u>
1,310 kgs \$18,779	658 pcs \$7,234

In Oct. 1952 cancelled licenses to:

<u>Czechoslovakia</u>	<u>Rumania</u>
64 kgs \$1,432	108 pcs \$1,337

The October cancellation referred to licenses issued in February 1952. Apparently these had not been previously reported, since the February entry had already been completely cancelled in September.

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APPENDIX III

CASES IN WHICH MEMBERS EXCEEDED THEIR ALLOTMENTS FROM THE UNALLOCATED RESERVE IN 1952, OR USED THE UNALLOCATED RESERVE WITHOUT REPORTING TO COCOM

MEMBER	FRANCE	GERMANY	ITALY	UK
AL-11 ITEM	2065(a)	2610(b)	2070(c)	2110(d)

(In 000 U.S. \$)

1952 Licenses (or Exports) Reported by Member	59	441	98	23(c)
1952 Quota Assigned to Member	30	400	50	20
Excess of Licenses (or Exports) over Quota	29	41	48	3
Unallocated Reserve Reported Used by Member	29(f)	35	0	0
Excess of Licenses (or Exports) over Reserve Reported Used by Member	(f)	6	48	3
Reserve Reported Remaining For Item Involved as of 31 December 1952	0	3	17	30
Excess of Licenses (or Exports) over Available Reserve	9(f)	3	31	27(g)

- (a) Chucks, expanding arbors and collets for machine tools.
 (b) Seamless pipe and tubing.
 (c) Forging and drop hammers.
 (d) Heat exchangers.
 (e) January-November 1952 only.
 (f) The unallocated reserve for this item was \$20,000. COCOM Doc 1094 (Rev.) carries a footnote stating that \$8,669 worth of the item was exported under the [REDACTED]. It is not explained (a) why the export should be included in a tabulation showing use of unallocated reserves if it was in fact made under the [REDACTED] national quota; (b) how the [REDACTED] could apply for use of the unallocated reserve before the French quota was exhausted, or (c) how export could be made under a quota after it had been exhausted.
 (g) Unused remainder of reserve. However, COCOM Doc 1094 shows no use of reserve.

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